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ARIZONA CORPORATION COMMISSION

February 15, 2008

Ms. Tammy Zudell
Yarnell Water Improvement Association
PO Box 77
Yarnell, Arizona 85362

RE: YARNELL WATER IMPROVEMENT ASSOCIATION - APPLICATION FOR A RATE INCREASE, DOCKET NO. W-02255A-07-0570

THIRD LETTER OF DEFICIENCY

Dear Ms. Zudell:

In reference to your rate application received on October 5, 2007, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff had found your application deficient on November 5, 2007. The Company submitted information in response to those deficiencies. The information submitted on December 3, 2007, and December 7, 2007, and January 18, 2008, did not sufficiently or completely address some of the deficiencies. The continued deficiency is listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until March 1, 2008, to correct the deficiencies or make other arrangements with Staff to remedy your rate application. If the corrections or other arrangements are not made by the above date, Staff will request your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated application at a later date.

The Staff person assigned to your application is Charles R. Myhlhausen. He can be reached at (602) 542-0863, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Elijah Abinah", is written over a horizontal line.

Elijah Abinah
Assistant Director/Acting Chief Accountant
Financial & Regulatory Analysis Section
Utilities Division

Arizona Corporation Commission

DOCKETED

FEB 15 2008

DOCKETED BY

nr

EOA:CM:red

CC: Docket Control Center (sixteen copies)
Lyn Farmer, Hearing Division
Delbert Smith, Engineering
Consumer Services
Legal Division

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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RECEIVED

Attachment of Deficiencies (02/15/2008)

Even though Staff was willing to waive the requirements for filing schedules A through H, the short-form application submitted must still meet certain requirements. The application in its present form does not meet these requirements. Also there are lay individuals who review the application and would not be able to understand or follow the application in its present form.

- 3.1 Number 2.3 on the second deficiency list was not corrected or completed. On Page 15.2 the Plant Accumulated Depreciation Summary Schedule the Total Additions Column B, total is \$68,338. On page 14.1 the Plant Cost Summary Schedule Total Additions Column B, the total is \$57,948. Please reconcile.